

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 1326 - SB 1507

March 7, 2021

SUMMARY OF BILL: Requires land sale contracts to be filed with the applicable register of deeds.

ESTIMATED FISCAL IMPACT:

Increase State Revenue – Exceeds \$5,800/FY21-22 and Subsequent Years

Increase Local Revenue – Exceeds \$1,000/FY21-22 and Subsequent Years

Assumptions:

- Pursuant to Tenn. Code Ann. § 8-21-1001(b):
 - Registers of deeds are authorized to access fees for filing documents;
 - For each document registered, a \$10.00 fee is assessed on the first two pages; and
 - For each page in excess of two pages, an addition \$5.00 is assessed.
- The precise number of land sale contracts occurring statewide annually is unknown; however, is reasonably assumed to exceed 100 transactions annually.
- The proposed language is reasonably estimated to result in an increase in local government revenue exceeding \$1,000 (100 recordings x \$10.00 minimum fee), beginning in FY21-22 and occurring in subsequent years.
- Pursuant to Tenn. Code Ann. § 67-4-409(b), a state tax is assessed on any instrument evidencing indebtedness, including mortgages and conditional sales contracts. Such tax is paid by the debtor at a rate of \$0.115 on each \$100 of indebtedness and collected by the register of deeds.
- It is reasonably assumed that there will be a minimum amount of indebtedness of \$50,000 per contract, resulting in an increase in state revenue estimated to exceed \$5,750 [(\$50,000 indebtedness / 100) x \$0.115 tax rate x 100 properties] beginning in FY21-22 and occurring in subsequent years.

IMPACT TO COMMERCE:

NOT SIGNIFICANT

Assumption:

- The proposed language regards contracts occurring between private citizens; therefore, any impact to commerce or jobs in Tennessee is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Bojan Savic". The signature is written in a cursive, flowing style.

Bojan Savic, Interim Executive Director

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